

House Local Government Committee

**HB 5780**

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Grand Haven, Michigan

Since 1987, I have participated in dozens of collective bargaining negotiations in Farmington Hills, West Branch and Grand Haven. Over those years, negotiations have been civil. Over those years, negotiations have *not* been efficient. There is nothing built in to the system to reward diligence. In fact, the process is set up in such a way that delay is a tactic that can win valuable concessions during the negotiations. The elimination of retroactive pay availability contained in PA54 of 2011 gives us the incentive we need to carry out quick and fair negotiations with our partners in labor.

11<sup>th</sup> hour demands are inflicted on the public at every negotiation with collective bargaining units **ELIGIBLE TO PARTICIPATE IN COMPULSORY ARBITRATION OF LABOR DISPUTES**. The cost of arbitration for a cash-strapped municipality exceeds \$10,000 just to be heard, not to mention months of delay, posturing and additional legal fees. *Without* binding arbitration, our legal fees typically double in years when we negotiate contracts. In 2012/13, the City of Grand Haven expects to spend \$15,000 on labor related legal fees. The average expense in years when we bargain with our labor unions is over \$40,000. If we pursued binding arbitration in these years, the expense would likely be an additional \$20,000 (a 300% increase over normal legal expenses). When binding arbitration is threatened, a cost-conscious manager always defers to what is easiest on the taxpayer. Give in to the demand and live to bargain another day.

In 2010, at the very end of the negotiating process, we were hit with a demand for a \$500, one time signing bonus. We did the quick math (36 member in the unit x \$500 = \$18,000) and decided that the expense of drawn out arbitration with an uncertain result was prohibitive; we gave in. Later it was explained that this was an annual bonus. Again, rather than fight and spend the additional funds on drawn out PA 312 arbitration, we capitulated and paid the \$18,000. There is plenty of incentive built into costly arbitration to cause cities, villages and counties to negotiate quickly, efficiently and effectively. When retroactivity is virtually guaranteed, LABOR had no incentive to complete negotiations in a timely fashion.

No more. PA 54 of 2011 is the most effective efficiency measure I have ever encountered in the negotiation process. I say to the authors of that brilliant legislation "bravo!" We now will sit down, identify our mutual positions, explain the demands we make and the concessions we expect, and negotiate in a responsible, good faith manner. We know when a contract is signed when it will expire. Get up, send an email, and start the process early. We are ready to settle all contracts before the expiration date every cycle; PA 54 puts a little pressure on labor to do the same thing. Please do not flush the most taxpayer-friendly legislation passed in Lansing in years.

Please do not pass HB 5780.